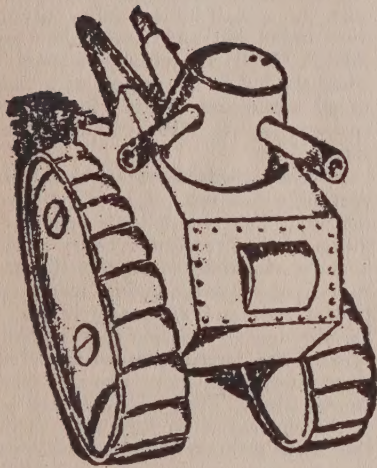


THE WORLD

Vol. XVI
No. 6

TOMORROW



Disarmament's Rough Road

WILLIAM T. STONE

Down With Utility Rates

HENRY J. ROSNER

Keystone Farmers Rebel

ROBERT M. CULLUM

FEBRUARY 8th 1933

Should We
Reflate?

PAUL H. DOUGLAS

10 cents a copy, \$3.00 a year

The World Tomorrow

Vol. XVI February 8, 1933 No. 6

Copyright, 1933

The World Tomorrow, Inc.

Published on Wednesday of each week
at 52 Vanderbilt Ave., New York, N. Y.

CONTENTS

	PAGE
Editorials	123
Should We Reflate? By Paul H. Douglas	129
Disarmament's Rough Road. By William T. Stone	131
A Mountain Man (<i>verse</i>). By Robert P. Tristram Coffin	133
Drinking Cup (<i>verse</i>). By Margaret Tod Ritter	133
Down With Utility Rates. By Henry J. Rosner	134
Not in the Headlines	136
Keystone Farmers Rebel. By Robert M. Cullum	138
The Book End	139
Correspondence	141
Announcements	143
The Last Word	143

THE WORLD TOMORROW is on file in most public and college libraries and is indexed in the *Reader's Guide to Periodical Literature*.

SUBSCRIPTION RATES: Single Copies, 10 cents; \$3 per year; Canada, \$3.50; foreign, \$3.50. Orders for copies, subscriptions and all correspondence should be sent to THE WORLD TOMORROW, 52 Vanderbilt Ave., New York City. Entered as Second Class Matter, Sept. 30, 1926, at the Post Office of New York, under the act of March 3, 1879.

Ex Cathedra

WHEN Mr. Roosevelt went to Washington, Senator Long and Senator Glass, two of his followers who are engaged in a bitter feud over the Glass banking bill, both visited him. It is reported that Senator Glass emerged from his interview smiling, and there was a rumor that he had been offered the post of Secretary of the Treasury. Senator Long came out praising "the same old Frank, all wool and a yard wide."

This little incident prompted a little speculation on our part. Roosevelt obviously has a happy gift for getting along with all kinds of people and of trying to agree with them as far as possible. The question is, Will this amiability lead him into confusion or will it actually serve him to keep the heterogeneous elements of the Democratic Party in some kind of working harmony. It isn't a particularly important question because it is quite obvious that no matter what Roosevelt does, it will be impossible for the Democratic Party to deal adequately with the present economic situation. It may possibly initiate an inflationary movement and it may make more adequate provision for the unemployed. That is about as far as it can go, because it will not touch the property and credit system which is at the root of our difficulties.

But just as a matter of human interest it is rather an intriguing question whether Roosevelt's amiability and opportunism will be the servant of his liberalism and enable him to insinuate some liberal policies into the administration, or whether it is a revelation of the weakness of trying to be all things to all men. There is some evidence for both conclusions. Quite obviously, Roosevelt has the capacity of getting coöperation from people of varying conviction and temper. His handling of the debt problem is a case in point. He dealt with the problem with adroitness if not with courage. As a result, he made some progress in satisfying those who want revision of the debts and yet did not seriously offend his Hearst and Johnson

following. In dealing with the Walker case during the campaign he managed in a similar way to gain the qualified approval of the reform elements without completely breaking with Tammany.

ON the other hand, most of his manipulations have so far been carried on by means of promissory notes. What will he do when these notes are piled on his desk and cash is demanded? To be sure his promissory note has frequently consisted of no more than a sympathetic ear for the various causes which have been presented to him. Thus Senators Cutting and LaFollette sought to secure his support for a half-billion dollar unemployment relief bill and found him "sympathetic". Will he actually support them when the bill is the subject of a congressional battle and White House pressure one way or the other will determine its fate?

In other words, Roosevelt's amiable opportunism has not yet been subjected to the white light which beats upon the eminence of the presidency. Every statesman must be something of an opportunist, and it is always a question just where opportunism ends and dishonesty begins. One has the uneasy suspicion that amiable politicians are forced into dishonesty rather more easily than those who are made of sterner stuff. Their promises are honest in the moment when they make them but they make so many that some of them are sure to prove incompatible with others.

At the moment, about all one can say of Roosevelt with certainty is that he is obviously not as soft as Harding and probably not as single-minded as Wilson. No matter what the quality of his character, it is a foregone conclusion that a capitalistic party cannot deal with the evils of capitalism rigorously enough to effect its cure. But his character may determine just how serious the death-throes of capitalism are to be in this country and how much social and political confusion is to accompany the transition.

PRONUNCIO

THE WORLD TOMORROW

Editors

Kirby Page
Devere Allen
Reinhold Niebuhr
Paul H. Douglas

Executive Editor

A. Albert MacLeod

President

John Nevin Sayre

Secretary

Dorothy Detzer

Treasurer

Henry P. Van Dusen

Associate Editors

H. N. Brailsford
George A. Coe
Halford E. Luccock
H. C. Engelbrecht

Circulation Manager

Willard R. Espy

Contributing Editors

John Bennett
Sherwood Eddy
John Haynes Holmes
Samuel Guy Inman
Edward L. Israel
Paul Jones
Agnes C. MacPhail
Patrick Murphy Malin

Francis J. McConnell
Rhoda E. McCulloch
Helen Grace Murray
A. J. Muste
H. Richard Niebuhr
William Pickens
Maxwell S. Stewart
Norman Thomas

Office Secretaries

Reta V. Miller

Elmore H. Bancroft

Editorial Assistant

Marvin R. Bendiner

Editorial Secretary

Sophie Trefon

Ethelred Brown

THE WORLD TOMORROW

Vol. XVI

February 8, 1933

No. 6

Schleicher and Hitler

Schleicher, the supposedly strong man of Germany, had a sudden fall, and now Hitler finally has his chance to prove himself. The events which brought about this sudden shift of power are very instructive. Von Schleicher seemed firmly established for three reasons: he had the confidence of the old President, he was politically adroit and he was increasingly gaining the confidence of large sections in all parties. The policies which established that confidence were unfortunately not to the liking of the junkers, who are increasingly determining the policy of Hindenburg. Schleicher abrogated some of the laws most hateful to labor, he permitted the revelation of the graft in which East Prussian junkers had indulged with farm subsidy funds, and he let it be known that he "was neither a capitalist nor a socialist." He was, in other words, more interested in securing social peace through a semi-parliamentary fascist venture than in protecting capitalism through pure fascism.

The fact that the dominant agrarian and industrial groups in Germany were not willing to accept this kind of program even though it promised to mitigate the antagonisms of the class struggle reveals the brutal will-to-power of reactionary elements in society. These reactionary forces had two cards which they could play against Schleicher. One was the power of the presidency, which they manipulate increasingly through Hindenburg's son and his secretary. The fact that they are able to wield this power tends to diminish the prestige of Hindenburg's hitherto unique position and threatens to destroy Germany's one remaining symbol of authority and order in a word of confusion. Hindenburg has lost more prestige in these most recent maneuvers than in all previous crises.

The other card which the reactionaries held was Hitler's overweening ambition. To be sure, he had conducted his most recent campaign against these very reactionaries and had declared that they were more dangerous to Germany than communism. But now he sits in the same cabinet with Von Papen and Hugenberg. If Paris was worth a mass, the chancellorship is worth a political scruple or two.

These new developments seriously increase the general political confusion of Germany. They will undoubtedly serve to destroy the Fascist Party; for it is inconceivable that the millions of impoverished petty bourgeoisie who are enrolled in the party will be satisfied with any policy dictated by Hugenberg, Papen and

Neurath. It is the hope that such a disintegration of fascism will be the consequence of Hitler's participation in the government that has prompted the Catholic party to promise an attitude of tentative neutrality toward it. Should the Catholics withdraw this tentative support, there will be another election.

Altogether, the recent developments in their entirety give a dismal and discouraging revelation of the lengths to which reactionary social groups will go to preserve their traditional prestige and position in society. They show how true it is that all revolutions come from the right and not the left. A von Schleicher might have preserved hereditary privileges for a decade by abrogating some of them. But the self-interest of the dominant social groups makes for a stupidity too great to permit such a policy of qualified retreat. The ability of the reactionary groups to manipulate the presidential office proves again that the pretensions of governments that they are neutral with reference to a social struggle within a nation and that they exert an impartial and arbitral authority are usually spurious.

Strategic Mr. Green

If it is the aim of William Green, as president of the American Federation of Labor, to terrify our business leaders by showing his teeth, and at the same time placate the reactionary forces in the organization of which he is the head, he has succeeded admirably. For his article in the *Nation's Business*, organ of the United States Chamber of Commerce, which was widely reprinted in part in the press on January 26, sometimes reads as militantly as the utterances of genuine "left-wingers." Setting forth a program which significantly includes "Recognition of the equities of workers in the industries in which they work," Mr. Green correctly—oh, how correctly!—asserts that "the American trade-union movement has been patient," and also says: "We shall fight with every legitimate weapon at our command to restore the kind of America in which a man can have a chance in his own right."

Is it enough, in this day, to fight for a "chance"—that discredited shibboleth of a gamblers' competitive order of society? This is hardly a goal worthy of a "fight." But Mr. Green also uses some more realistic and more convincing words: "If there are those employers, and there always have been, who will not listen to labor's case, who will not recede from the pinnacles of autocracy and domination, let them hug to themselves whatever fear they wish to picture. We will

not disillusion them and in the end we will tear down their pinnacles if we can. For we shall soon be on the march. We may fail, we may return more bedraggled than we are, with America more sunk under the crushing weight of injustice than it is, but we shall have fought, and every courageous, hopeful, justice-loving American will have had his chance to struggle for the glory and welfare of his country and those institutions that were intended by the founding fathers to guarantee the right 'to pursue happiness' without being hopelessly out-distanced in the race. . . . We have simply come to what we are determined shall be the end of suffering."

Mr. Green, however, refuses to reveal what are the methods of struggle he intends to follow. Clearly, he does not mean armed rebellion—that is as evident in his article as in his record. But if not that, what? He hints that to give away his plans would be to aid his opponents. If the A. F. of L. actually has a plan to back up these bold sentences, whether it takes the form of guerrilla strikes or a unified strike movement, an appeal to public opinion or a general political onslaught on the Roosevelt administration to shake concessions from the bankers and big business barons, we can only say that he is lucky; nothing could be more disastrous than to go about with so fine a frenzy of revolt, only to show in a crisis that it was unsupported by concrete preparations.

Peru Defies the Pact

Mr. Stimson, we believe, has acted with commendable firmness in reminding Peru of its own stated adherence to the treaty of 1922 which delimited the boundaries of Peru and Colombia so as to yield Leticia to the latter. The situation is complicated, of course, from the viewpoint of the Kellogg Pact by the fact that Leticia was seized, in the beginning of the present trouble, not by the orders of the Peruvian government, which appears to be genuinely innocent at least in any direct sense, but by the inhabitants of the region roundabout. Nevertheless, the Secretary of State is certainly correct in believing that the Pact must be respected in such a case, because it is for Peru, and not for the rest of the world, to control its own impetuous nationals. Least of all is it wise, from the viewpoint of world order, to have the responsibility for rectifying the present situation assumed by the aggrieved nation, Colombia, alone. A certain measure of sympathy might be accorded to the Peruvian government, since to show weakness in its handling of Leticia might bring it down before the opposition at home, were it not for the fact that its record has been so utterly reactionary. Haya de la Torre and other leaders of the Aprista movement, which is largely socialistic, are still confined incommunicado under conditions of absolute tyranny. On

the other hand, Colombia seems to have been unduly persistent in taking recourse, not to peaceful protest, but to armed means of restoration; she has even been buying hastily-armored French coastwise vessels and bringing them across the Atlantic in a frantic effort to make ready for battle.

It is encouraging to note that the League has backed up the Stimson note, and that Brazil, Argentina and Chile are engaged in a determined attempt to effect a peaceful settlement. Doubtless the animosity hinted all too plainly in Peru's reply to Mr. Stimson, and in her frank disgruntlement as expressed privately at Geneva, will throw the problem for resolution into the hands of the Latin American countries. This, however, is not to be regretted, but rather to be looked upon as cause for gratification, provided a genuine settlement is worked out which accords with the Kellogg Pact and the future peace of the South American nations.

Scaling down the Debts

A staggering load of private and public debt is not the least of capitalist-depression phenomena. Estimates vary as to the total amount of the debt structure; but the lowest is roughly \$155,000,000,000 and the highest, which is probably an exaggeration, approaches \$235,000,000,000. Unwilling of course to consider a capital levy as a means of liquidating this enormous burden, Congress is now frantically engaged in discussing a variety of proposals to relieve the situation. Inflation is one way of restoring values to coincide with the shift in the scale of prices. How much or how little inflation will be undertaken during the Roosevelt regime, it is impossible to say; but of such bills as the old Goldsborough measure for inflation and the present Farm Allotment act, we have assuredly not seen the last.

With every indication that the Senate will vote favorably and that Mr. Hoover will sign it, the bankruptcy bill, so-called, has gone through the House. This law is designed to aid in a reduction of such bills as the old Goldsborough measure for complicated, though the principle involved is simple. If a person or a corporation borrowed money in 1929, let us say, when prices were far higher, he is compelled today not only to maintain exorbitant interest rates, in proportion to prices, but eventually to repay the borrowed sums in vastly augmented amounts. A debt of \$100 at 1929 prices and wages means now, in terms of human labor, the repayment of far more than that sum. This is grossly unfair and is fast becoming intolerable. To relieve the situation, the bankruptcy bill makes it possible for debtors to go before a Federal court and enlist the aid of the court in persuading the creditors to arrange either an extension of time, a cancellation of a part of the

indebtedness, or plans for partial payments in easy installments. Obviously, the law in practice will re-
pose terrific power in the hands of the courts, but if
correctly administered it will indeed bring a certain
measure of relief to many hard-pressed people.

It is worth noting, however, that the bill also cov-
ers corporations and railroads, which are in dire
trouble, oftentimes, as well as individuals. Probably
no fewer than 122 railroads are on the brink of re-
ceiverships, and the new bill permits reorganization
under the scrutiny of the Interstate Commerce Com-
mission, at the discretion of the courts. The debt of
the roads in the country as a whole totals almost
\$13,000,000,000 at a conservative figure, and that of
corporations, \$75,000,000,000 as against \$25,000,-
000,000 owed by individuals and partnerships. Thus
we have a new device to bolster up a tottering capi-
talism, which will probably accomplish enough good
for some of our people to justify it in a measure, but
which, so far as railroads and corporations are con-
cerned, will only postpone the day of reckoning which
finally, in spite of every capitalist device, bids fair to
usher in a larger degree of public ownership than
seemed possible to the sight of that dim, remote period
ending three years ago.

Mortgage Strikers Win

The action of several large life insurance companies
in responding favorably to the plea of Iowa's Gov-
ernor for aid in the problem raised by holders of
mortgages in that state, creates some interesting ques-
tions. It is, of course, in the first place a victory for
that determined band of farmers who forced the
abandonment of sales of farms for non-payment of
taxes. If it took here and there the aspect of spo-
radic violence, on the whole it was a demonstration of
class solidarity. This Gandhi-like resistance has defin-
itely begun to win out in Iowa; but why not in other
states as well? Why did not these organizations
make their moratorium more sweeping? Chiefly, one
must suppose, because they had not encountered else-
where, as yet, so strenuous a demand. But having
gained this much of a concession in Iowa, it is un-
likely that the farm population groaning under mort-
gage inequities will do other than close its ranks still
more tightly, assert its demands with increasing vigor,
and carry on its crusade to greater and more wide-
spread triumphs. The amazing thing about this
movement, a movement which would have seemed to
everyone unethical in the extreme a year or two ago,
is not only its popular standing but the way in which
it has demonstrated that the farmers, long regarded
as hopelessly individualistic, can, in a pinch, unite on
a common platform and organize coöperatively to
save the soil and home which so often have long been
treasured.

For Russian Recognition

In undertaking to circulate and publish a petition
requesting President-elect Roosevelt to extend formal
United States recognition to Soviet Russia, the Fellow-
ship of Reconciliation has done a useful job. Two
hundred and sixty-eight colleges in 45 states and the
District of Columbia were represented in the list of
signers, who were exclusively college presidents and
professors. Among those whose names appear on the
petition were William Allan Neilson, President of
Smith College, and Professors Robert Morss Lovett,
John Dewey, Manley O. Hudson, Sidney B. Fay,
Nathaniel Peffer, George S. Counts, William H. Kil-
patrick, Marion E. Park, William I. Hull, Ernest
Minor Patterson, Thomas Woody, Benjamin H. Wil-
liams, Alva W. Taylor, John R. Commons, Alex-
ander Meiklejohn, and E. A. Ross. In making pub-
lic its appeal, the Fellowship asserts:

This petition signed by eight hundred educators in favor
of the recognition of Russia has been initiated by the Fel-
lowship of Reconciliation because the Fellowship is inter-
ested in every political policy which makes for the peace
of nations. The Fellowship believes that the failure of
America to recognize the Soviet government is one of the
most serious hazards to peace in the present critical world-
situation. It has contributed to the serious situation in
the Orient and prevented adoption of policies which might
have frustrated the imperialistic ventures of Japan. It will
continue to breed dangers in international relations because
it destroys relations with one of the most important and
strategic nations in the present world-situation. The Fel-
lowship hopes this petition will contribute to the rising tide of
American sentiment in favor of recognition which will lead
the Administration and Congress to act.

Not only is it true that a resumption of relations
with the Soviets would promote America's foreign
trade, and thereby tend to aid in economic recovery,
but it would go far toward bridging the cultural and
legal gaps which must inevitably remain unclosed until
we establish official contacts on a more tolerant and
friendly basis.

Mr. Teagle Craves an Answer

Mr. Walter C. Teagle is Chairman of the Share-
the-Work-Movement and is also President of the
Standard Oil Company of New Jersey. In the former
capacity he is urging the employers of the nation to
divide up available work among as many employees
as possible, in order that at least a minimum income
will be received by all workers. In a long article in
the *New York Times*, Mr. Teagle says:

By and large, the working class, though with less margin to
spare, has not suffered disproportionately with those having
incomes from capital. . . . If we do not pool the available
work and ration it out as equitably as possible, what other
means can we take to avoid a situation in which perhaps

three-quarters of the population have all the work and earnings, though afraid to buy as in normal times, while the other one-fourth faces actual want?

Let us regard Mr. Teagle seriously and examine the situation with a view to answering his question. What other means can we take? By a significant coincidence much light is shed upon his query by the recently published figures of dividend payments by Mr. Teagle's own company. The following summary of cash dividend payments by the Standard Oil group of companies for recent years was prepared by Carl H. Pforzheimer & Company, and published in the *Financial Chronicle*:

Year	Millions of Dollars
1932	181
1931	221
1930	287
1929	270
1928	219
1927	214
1926	200
1925	154
1924	150
1923	138
1922	129
1921	115
<hr/>	
Total for 12 years	2,278

It will be seen that in 12 years the Standard Oil companies paid out more than two billion dollars in cash dividends, the average annual payment for the period being 190 millions, whereas the average amount for the three years of depression approximated 230 millions.

Let the gentle reader think of some appropriate response to Mr. Teagle's statement that the working class has not suffered disproportionately with those having incomes from capital, and to his question, What other means can we take?

The La Follette-Costigan Bill

The favorable report by the Senate Committee on Manufactures on the La Follette-Costigan bill, which authorizes the expenditure of \$500,000,000 for outright grants to the states for relief, should be speedily followed by its enactment. Last year a similar bill, for a smaller amount, was defeated in the Senate by a bipartisan combine led by the followers of the Hoover administration. Today, with the tide of misery rising all over the country and with local funds largely exhausted, the need for more adequate federal grants than the loans doled out by the R. F. C. should be evident to even the blindest Tory.

The present bill, like its predecessors, is carefully drafted. Although 40 per cent of the funds are to be apportioned among the states on the basis of population, the remaining 300 million will be distributed

according to relative need. A check upon local extravagance is imposed by the provision that no more funds shall be granted to a state than it has itself previously raised for relief and by the supervision provided for the funds.

Although the disbursal of the money is nominally assigned the R. F. C., this is for fiscal rather than for administrative purposes. The actual administration of the funds is to be carried on by a separate board of three members, of whom one must be a trained welfare worker. The only real connection the R. F. C. has with the system is the selling of its own bonds to obtain funds for the work and its acting as a clearing house for payments. A particularly good feature of the bill is the appropriation of \$15,000,000 for the purpose of rehabilitating the youths who have been driven to the road by the depression.

If there was ever a bill which needed to be speedily passed, this is it. It will be interesting to see if the stubborn opposition of President Hoover to direct government aid for the under-dogs (lest it interfere with their "rugged individualism") will again lead him to oppose the measure and to veto it if passed.

How Many Golden Eggs?

The income tax figures for 1931 are now available, and shed much light upon the distribution of privilege in this country. The total number of persons with incomes high enough to bring them within the company required by law to file returns was only 3,707,509, and due to various exemptions only 2,037,645 persons actually paid a tax. This means that less than three per cent of the adult population of the nation paid any income tax whatever, while only five per cent filed returns. These percentages assume added significance when we recall that an unmarried person with an income of \$1,500, and a married person or head of a family with an income of \$3,500, were required by law to file returns. Comparable figures for other years are appended:

	Number of Returns	Taxable	Minimum for Filing Returns	
			Single	Head of Family
1930	3,707,509	2,037,645	\$1,500	\$3,500
1929	4,044,327	2,458,049	"	"
1928	4,070,851	2,523,063	"	"
1927	4,101,547	2,440,941	"	"
1926	4,138,092	2,470,990	"	"
1925	4,171,051	2,501,166	"	"
1924	7,369,788	4,489,698	1,000	2,500
1923	7,698,321	4,270,121	"	"
1922	6,787,481	3,681,249	"	"
1921	6,662,170	3,589,985	"	"
1920	7,259,944	5,518,310	1,000	2,000
1919	5,332,760	4,231,181	"	"
1918	4,425,114	3,392,863	"	"
1917	3,472,890	2,707,234	"	"
1916	437,036	362,970	3,000	4,000
1915	336,652	-----	"	"
1914	357,515	-----	"	"
1913	357,598	-----	"	"

These figures reveal the fact that in no period has the number of persons paying an income tax exceeded eight per cent of the adult population, while in most years the ratio has approximated three per cent.

Because the 1931 figures are so filled with meaning, we present a detailed summary:

Net Income Classes in Thousands of Dollars	Total Number Returns Filed	Net Income
20 under 25	16,628	\$370,223,589
25 under 30	9,187	250,860,494
30 under 40	9,795	336,798,106
40 under 50	4,896	218,306,605
50 under 60	2,978	162,789,331
60 under 70	1,851	119,759,875
70 under 80	1,306	97,660,103
80 under 90	810	68,677,234
90 under 100	712	67,471,195
100 under 150	1,622	195,011,429
150 under 200	610	104,711,412
200 under 250	262	58,257,167
250 under 300	166	45,224,738
300 under 400	171	59,521,496
400 under 500	90	40,177,048
500 under 750	100	59,997,295
750 under 1,000	46	40,403,831
1,000 under 1,500	39	47,255,156
1,500 under 2,000	13	22,979,742
2,000 under 3,000	12	28,861,543
3,000 under 4,000	6	25,633,048
4,000 under 5,000	1	
5,000 and over	4	38,268,114
	51,305	\$2,458,848,551

It will be noted that in this year of acute depression and widespread misery, 75 individuals reported an income of one million dollars or higher, while the four richest persons reported a combined income of 38 millions. Due to tax exempt securities and other devices, these amounts by no means represent the actual incomes of the persons in the upper brackets.

In view of the suggestion repeatedly made in these columns that no person should be allowed, while multitudes are in desperate want, to receive an income of more than \$20,000 per year, it is interesting to calculate the amount that would have been yielded in 1931 if the maximum legal income had been set at this level. A total of 51,305 individuals reported an income as high as \$20,000 in that year, and the combined income reported by them totaled \$2,458,848,551. If each of these persons had been permitted to retain only \$20,000, their combined income would have reached \$1,026,100,000—leaving \$1,432,748,551 for the government. Thus we find in periods of depression the golden eggs of super-privilege are valued at a billion and a half dollars annually, and the actual amount is undoubtedly far in excess of this figure. Adequate rates in the higher brackets of inheritance taxes would probably yield an even larger return. While it is true that the law of diminishing returns would eventually produce a sharp decline in the amounts that could be secured by taxation, several billions annually could be made available for the under-privileged during the years of tragic destitution just ahead.

Is America a Cultural Desert?

It is still the belief of Europeans, as it was but recently the assertion of our own intellectuals, that America is a cultural desert without real appreciation of music and the plastic arts, and with no real skill in literature. There was a time in the not distant past when such an indictment was not far from the truth, but it certainly is inapplicable today. One of the finest developments of the past two decades has been the way in which symphony orchestras have taken firm root in from twelve to fifteen cities and have steadily improved in quality. In Philadelphia, under the conductorship of Stokowski, there has grown up what is certainly one of the greatest orchestras in the world, while the music which one hears in New York is far superior to that which is available in either London or Paris.

Our appreciation has also been steadily widening in the fields of painting and sculpture. Nothing is more remarkable than the way in which our art museums have been increasing in number and gaining in quality. The Metropolitan and the Chicago Art Institute have steadily improved, while a host of other collections have been made available to the public. The incomparable Gardner Museum in Boston is one of the best galleries of Renaissance art, and the Freer gallery in Washington is also of high excellence. In Ohio, Cincinnati has the charming Taft and Emery collections, and Cleveland, Toledo and Dayton all have excellent museums. Detroit, too, is well provided for, and the notable Nelson gallery is to be opened in Kansas City this spring, as is the Frick gallery in New York next autumn. During the last year, indeed, no less than eleven new galleries have been constructed and opened to the public, which is all the more remarkable in view of the severity of the depression. Nor does one wander in loneliness through these galleries. They are, on the contrary, more than comfortably filled. The attendance at the Metropolitan Museum in New York is, for example, now greater than that of the Louvre, the majority of whose visitors, moreover, are probably tourists.

This movement is rapidly penetrating our colleges and universities, which under the Puritan tradition have long been weak in aesthetic matters. Not merely are mature courses in art and music being increasingly offered, but, led by Harvard, very creditable museums are being developed, and music is not confined as formerly to the hymns of Isaac Watts and barber-shop melodies about bright college days.

We have still a long way to go, but there are clear signs that we are taking far more joy in aesthetics than ever before, and that the American spirit is being enriched. There is no reason for us to blush before the ill-informed taunts of our critics from across the seas. We are authenticating our cultural autonomy and all signs indicate that we shall continue to do so.

Canada's Old Parties Are Challenged

THAT the recently formed Coöperative Commonwealth Federation is capable of wielding a mighty power in the future is indicated by the election in Calgary, on January 19, of a Conservative-endorsed candidate for the Calgary seat in the Alberta legislature over Miss Amelia Turner, candidate endorsed both by Labor and the C. C. F., by a margin of less than 2,000 votes, the total vote being 14,128 for Norman Hindsley, Independent, to 12,306 for Miss Turner. On the previous day, at the convention of the radical United Farmers of Alberta, U. F. A. delegates almost unanimously supported the proposal of their leaders that they affiliate with the C. C. F. This will greatly strengthen the Federation, which has been sweeping across the Dominion from coast to coast, adding group after group of farmer and labor bodies.

At the very least, even if it held no greater promise—and we think it does—this new movement should speedily restore the radical representation in the Canadian Parliament. For 11 years ago, 65 Farmer and Labor members were elected to Parliament. Coming together at first in a vague coalition under the label of "Progressives", they were able to accomplish a great deal. But before long, schisms developed, inroads were made by the Liberal Party, and the sad story is that the 65 rapidly dwindled until, finally, there were left only the seven members representing the U. F. A., led by its President, Mr. Robert Gardiner, two or three Labor members, led by the veteran, Mr. J. S. Woodsworth, Miss Agnes MacPhail from Ontario, and a small group of farmers from Saskatchewan. This handful in no wise gave any true expression of the unquestionably widespread radical sentiment in the land; but the precise means by which the political difficulties in the way could be surmounted, were not readily to be seen.

When, on the first of last August, farmer and labor movements in the four western provinces came together to form the C. C. F., and initiated a call to eastern groups to join with them in a great nationwide struggle for political control, something new was let loose that captivated the imaginations of thousands of Canadians. Gradually, one after another, additional organizations were counted as belonging to the Federation, and a movement of genuine power was under way. The program of the C. C. F. does not at all supersede the work of the various constituent organizations, which have autonomy and carry on their own special enterprises. But a unified platform, with eight clauses applying the principles of the Federation to certain outstanding immediate issues, was formulated. It reads as follows:

1. The establishment of a planned system of economy for the production, distribution and exchange of all goods and services.
2. Socialization of the banking, credit and financial system of the country, together with the social ownership, development, operation and control of public utilities and natural resources.
3. Security of tenure for the farmer in his use-land, and for the worker in his home.
4. The retention and extension of all existing social legislation and facilities, with adequate provision for insurance against crop failure, illness, accident, old age and unemployment during the transition to the socialist state.
5. Equal economic and social opportunity without distinction of sex, nationality, or religion.
6. Encouragement of all coöperative enterprises which are steps to the attainment of the Coöperative Commonwealth.
7. Socialization of all health service.
8. The acceptance by the Federal Government of responsibility for dealing with unemployment and for tendering suitable work or adequate maintenance.

This crisp program contains far more social dynamite than appears at a casual glance. But the C. C. F. is zealous in emphasizing its belief in democratic methods and its desire to arrive at power by orderly means. It is perhaps somewhat open to question whether the rank and file have as yet differentiated in their own minds between mere state capitalism in the form of government and the democratic control of the economic machinery of the state. Their devotion to inflationary projects parallels in some respects the worst economic one-sidedness of some of our own farming groups. But when all due criticisms are expressed and accounted for, there is abundant promise in this growing movement, and we look to it eagerly for the achievement of great things. There are, for example, many vexing problems involved in our own agrarian-urban relations upon which a successful Canadian movement could shed valuable light. How firm an appreciation there is on the part of the leaders of the urgent need for really thoroughgoing social changes becomes apparent when one reads these words from the presidential address made by Mr. Gardiner before the U. F. A.:

Our present difficulties arise from the fact that while our productive capacity has been advancing in efficiency at a rapidly increasing rate, efficiency in distribution is impossible under the present economic system. Social planning must be undertaken in order that there may be an uninterrupted flow of goods and services to meet the needs of our people. The incessant struggle to obtain the bare necessities of life leaves neither time nor opportunity for self-development. The solution of our economic problem will pave the way to a new order of society in which human values will be able to find the fullest expression.

Should We Reflate?

PAUL H. DOUGLAS

THERE is today a rapidly growing body of opinion that the amount of monetary purchasing power should be increased and prices raised. A sharp disagreement exists, however, both as to the methods which should be used to obtain this end and the extent to which the price level should be sent upward. One group, led by the Administration and the financiers, declare that the increase should take place only through the expansion of bank credit. Another group, led by the representatives of the farming interests, maintain that it is hopeless to seek relief that way and that the only effective way of expansion is through an increase in the quantity of money. There is a further division on the extent to which the rise in the price level should be carried. Some—generally, although not invariably, associated with the credit expansionists—want prices to be increased only enough to help us get out of the depression, and would probably be content with a rise of from 15 to 20 per cent. Others, who tend to comprise the monetary reflationists, want to redress the hardships which the fall in the price level has caused debtors and, therefore, aim substantially to restore the 1929 price level. The clash between these conflicting ends and methods as well as between all of these groups and the “do-nothingists” and the deflationists is already sharp and bids fair to become increasingly so in the months which are to come.

The general case for pumping more monetary purchasing power into society can be very briefly stated. During the depression there has been a cumulative and vicious spiral of declining prices, production, employment, and monetary purchasing power, with the result that the depression has fed upon itself and steadily deepened. The number of idle men and idle factories have increased in the face of the great human need for the products which these men and machines could turn out if they were but brought together. The problem under capitalism is how to bring the workers and the capital equipment together and to sell at a profit the goods which are produced. To do so it is clear that either more purchasing power must be given to the manufacturers, mine owners, building contractors, railroads, etc., with which to buy more raw materials, hire more labor, and produce more goods, or more purchasing power must be given to the consumers to demand and to buy more goods. If the quantity of purchasing power which is thus given to producers and consumers is increased more rapidly than the quantity of goods, then it is plain that the prices of goods will rise. As

prices begin to rise business men make a profit from purchasing labor and raw materials at an earlier and lower price level and selling them as finished goods at a later and higher price level. This margin of profits gives them the courage and desire to go on and to increase production. Production would, therefore, be further increased and unemployment reduced.

THE cash reserves of the banks were built up through Federal aid but the much-heralded increase of loans by the banks to industry did not materialize, and, instead, the monetary purchasing power was at least temporarily impounded or sterilized in the banks. This failure to produce increased loans to business seems to have been caused both by the reluctance of business men to borrow and of the banks to lend. Business men, faced with declining values and prices, were chary about borrowing to produce goods which they were not certain that they could sell at all or at least sell at prices which would yield them a profit. With large unused capacity in their factories, they did not want to borrow for fresh investments in added machinery, equipment and buildings. The banks, moreover, showed an unwillingness to lend since they were afraid that they would not be repaid for their loans. The combined result has been stalemate, but the followers of the conservative tradition still insist that attempts at credit inflation are the only legitimate means which can be employed and that any attempts at directly increasing the supply of currency itself are nefarious. The government, according to these interests, should not intervene directly to break the industrial deadlock, and recovery should take place only within the present structure of business and banking. But they do not tell us how they are going to force the banks to make the added loans to business.

Those who advocate increasing the quantity of currency point to this failure to obtain credit inflation and declare that the problem must be attacked directly. Those who urge public works point out that this would mean a direct added demand for materials and for labor which would not only increase production but which by increasing purchasing power would spread from person to person and have magnified effects. In a similar fashion, the \$500,000,000 relief bill which Senators Costigan and La Follette are sponsoring and the proposal of Donald Richberg that a corporation similar to the R. F. C. be set up to finance consumers both aim to build up the purchasing power of the un-

employed and of the consumers in general and thus create an added demand for goods. Business and banking, it is urged, will not respond until they feel externally the increased pressure of purchases, and it is held that the way to recovery lies through this direct stimulation. Such, too, is the reasoning which Representative Patman uses in support of his soldier bonus proposals and which sways others in their belief that we should not seek to balance the national budget for even current expenditures.

THE logic of the argument would thus far seem to be on the side of the direct actionists, but at this point the objections to the increase of the currency should be noted:

1. It is feared that such an issue would destroy confidence and lead some citizens to change their money into gold which they would hoard, while it would lead others to sell securities and transfer their holdings into French francs. We would thus, it is argued, be carried in confusion off the gold standard with an attendant injury to business. To meet this objection the advocates of reflation would be prepared, if the situation became tense, to suspend the power to export gold and if necessary to refuse to offer gold internally in return for money. This would mean an abrupt departure from the gold standard but one which would be swiftly invoked if it became necessary. The supply of free gold, however, is so large that it is believed adequate to meet all save panic demands.

2. It is objected that the increased supply of money would only be spent once or twice by consumers and that it would soon find its way into the banks and be sterilized there just as the excessive reserves now are. To this it can be replied that it would at least have some effect upon business, while there is no guarantee that merely building up bank reserves will have any effect. Moreover, if people believe that prices are going to rise and that their money will in consequence be worthless in the future, they are likely to spend more in the present. This will not only speed up the velocity of circulation but it will bring back into business tens of millions of dollars which are now being hoarded.

3. It is objected that our going off the gold standard would cause our currency to depreciate in terms of foreign currencies and that its fluctuations would interfere with our foreign trade. This is perhaps true, but it should be noted that our foreign trade is not nearly as important as our domestic trade, since less than eight per cent of our national product of goods and services is exported. While it is desirable to preserve both exchange stability and internal industrial stability, the latter is far more important than the former, and if there is a sharp conflict between the two, it is the exchange stability which can better be sacrificed. It is

also significant that most of the other nations in the world, led by Great Britain, the British Commonwealth of Nations and the Scandinavian countries, are already off the gold standard and have not really suffered from it. Furthermore, if our exchanges depreciate by more than our internal costs rise, an actual stimulus will be given to our exports.

4. It is feared that once the process of reflation has been started, there will be no stopping and that we will continue to issue more money and send prices up until only the sky will be the limit. There is real force to this fear. The great merit of the gold standard has been the fact that the supply of gold is more limited than the potential supply of man's foolishness, and there are unquestionably great risks to run if we abandon that safeguard. There are, on the other hand, great risks involved in not following a policy of reflation, and if the nation could understand what policy it was adopting and why and how far it intended to allow prices to rise, the danger of extravagant inflation would be minimized.

THIS brings us to the question of the level at which prices would ultimately be stabilized. There are today probably about 200 billion dollars of bonds and mortgages which constitute fixed claims against the wealth of the American people. That wealth, which was around 400 billions in 1929, has probably shrunk to not more than 200 billions today. Almost the entire wealth of the country at present values is, therefore, the property of the *rentier* class, although it is true that they would suffer losses if they tried to realize on it. With the fall of wholesale prices by 40 per cent and of the cost of living by nearly 25 per cent, the debtor now has to pay back dollars which are worth from one-third to two-thirds more than they were worth in 1929. Some lightening of this debt burden is desirable and it would seem, therefore, that prices should be stabilized at somewhere near the 1929 level. As prices approach that point, governmental expenditures should be greatly reduced and the government's budget should be balanced. The receipts would normally tend to increase with returning prosperity. And, if necessary, tax rates should then be raised in order to produce a surplus to be used to check any tendency for a further increase in prices by retiring the notes issued during this depression.

It will be seen from the above analysis that the real issue turns on whether the country has the intelligence to manage its currency and credit system for the purpose of stabilizing prices and preventing or lessening depressions. If the skeptics are right, then we are doomed to be the football of deflationists and inflationists, and our prices will move up and down in roller-coaster fashion. If they are not, it may be possible to reflate and then stabilize.

Disarmament's Rough Road

WILLIAM T. STONE

WHAT is the matter with the Disarmament Conference? That the patient is sick all of the doctors agree. But the basic cause of the malady, and the proper cure, are still in dispute, although the specialists have been at work for almost a year. With the Conference about to begin what some of its more hopeful participants describe as the second stage of its work, it is high time to insist upon new diagnosis and a better prescription.

There is no need to dwell at length on the results of the first stage. They are duly inscribed in the voluminous records which are already gathering dust in the files of the foreign offices. They reveal a tremendous expenditure of time and effort, in many instances entirely sincere, but a pitifully meager list of accomplishments. There are the July resolutions, designed to make the next war a little more gentlemanly than the last one: bombing of civilian populations from the air will not be tolerated, use of poison gas will be prohibited and bacteriological weapons will be outlawed. There is the decision, reaffirmed without conviction, to achieve a "first decisive step" toward "substantial reduction" of armaments. There is the endorsement of the principle of "qualitative disarmament." And finally, there is the return of Germany to Geneva with the promise that equality of rights will be one of the constant aims of the Conference.

But against this meager record of positive achievement is an appallingly long list of conflicts and failures which have left the conferees as far from their goal as they were twelve months ago. Of what value is the prohibition of bombing from the air when the powers refuse to abolish bombing planes and are unable to agree on how airplanes should be limited? Qualitative disarmament is a hollow phrase when the greatest military powers plead that 20-ton tanks are not aggressive weapons and insist that 35,000-ton battleships are "defensive" instruments. Substantial reduction remains a pious hope when America, Britain, France and Germany disagree violently on the method of limiting effectives, and fail even to find a definition for the term "effective".

The list of conflicts, moreover, is not confined to mere technical differences; it embraces the whole field of political proposals. The Hoover plan for a one-third reduction is dead because it is utterly unacceptable to France and unpalatable in certain respects to Great Britain. The new French plan for security and disarmament in Europe is reserved for future debate but is thoroughly distrusted by Germany and quite as

unpalatable to Italy. The German demands for security are accepted in principle but reserved in practice by France and Britain. The British proposals for naval and air reduction are referred to technical commissions for future burial.

According to the defenders of the Conference record, the conflicts of the first stage are not necessarily a dark omen for the future. The second stage, say the apostles of hope, is to be given over to the task of reconciling these divergent plans. Admittedly, the task will not be easy: the technical obstacles will be great; time and patience will be required for their solution; and conciliation and compromise will be essential. But in the end perseverance will be rewarded by success, if only because the nations are unable to face the consequences of failure. The results, inscribed in a general disarmament covenant, may not satisfy the more impatient advocates of peace, but they will constitute the first step toward the ultimate goal. Once the principle of limitation has been firmly established, the process of reduction will proceed in orderly stages. Time and patience are the two paramount requirements for success.

THIS is the comforting prognosis offered by those sincere champions of a worthy cause who plead for renewed faith and continued support for the efforts at Geneva. But to some of their erstwhile supporters, the symptoms exposed during the past year permit no such hopeful predictions of recovery. On the contrary, they reveal a dangerous malady, and one which cannot be cured by nostrums. To advocate sugar-coated pills for a patient suffering from a deadly disease is nothing less than criminal negligence.

In the light of history since 1918, the first years' disarmament record is not surprising: it reveals precisely what might have been expected: a fundamental conflict between two divergent theories aggravated by conflicting national policies, of which armaments are a vital instrument. The two theories have come into conflict at every disarmament conference since the World War—at Paris in 1919, at Washington in 1921, at London in 1930 and at Geneva in 1932. And on each occasion they have proved an insuperable obstacle to progress.

Since the Peace Conference at Paris every European program for disarmament has been based on collective responsibility and collective action for the enforcement of peace. At Paris, Europe, dominated by victorious France, sought to embody collective action in

the new charter of the League of Nations. The theory was written into the Covenant but the substance was gone when America withdrew into Splendid Isolation. Article Eight of the Covenant remains intact, but its provisions for "enforcement by common action of international obligations" are beyond reach and exist only as a useful text for parliamentary debate. Locarno, the Geneva protocol, the Draft Treaty of Mutual Assistance are fallen monuments to the ideal of an international society based on collective action for the prevention of war. They have crumbled in the face of a war in Manchuria which has ruthlessly exposed the absence of an international society capable of organizing collective action. And yet, despite the exposure of Manchuria and the Gran Chaco, the champions of common action cling to the formula of security as the only logical, adequate substitute for international anarchy, and continue to produce new plans on the same model.

Every American program for disarmament since the War has been based on direct proportional re-

duction of armaments regardless of world organization and irrespective of the need for preserving peace. At the Washington Conference Charles Evans Hughes won a signal victory for the "mathematical" method of reduction, a victory, incidentally, which has been amply paid for at the price of subsequent failure. America has refused to see why the London Treaty remains incomplete and why France has refused to join. And America has failed to understand why the Hoover plan is dead. It is not the wickedness of militarist Europe which has killed the Hoover proposals, but the meaningless mathematics of the Hoover plan, which contributes nothing to the prevention of war. A 33⅓ per cent cut in the armies of the world will not reduce the danger of war one iota; it will perpetuate military machines with an ample strength to insure their employment in the next war.

TWELVE months of muddled negotiations at Geneva have not lessened the conflict between these two theories. America has pressed with righteous enthusiasm for its cut of 33⅓ per cent but has kept her skirts clear of dangerous European responsibilities. France has produced ingenious schemes for security but has kept safely away from dangerous reductions in military strength. At the outset of the second stage the deadlock is complete.

But the conflict between these divergent theories does not entirely explain the failures of Geneva. Arrayed behind the opposing theories are a host of conflicting national policies, of which armaments are at once a symbol and an instrument.

France, for example, is a champion of security not only because a system of world organization appeals to her moral sensibilities, but because a particular scheme of security is an essential part of her national policy. Since 1918 France has maintained the strongest army in Europe for one purpose—to preserve the *status quo* as laid down at Versailles. That army has effectively prevented Germany from upsetting territorial settlement in Europe, and although it may not have collected reparations, it has nevertheless blocked the invasion of Poland. If the French army is to be seriously reduced *vis-à-vis* Germany, France must insist upon a tangible substitute which will be at least as effective in carrying out her national policy. The Geneva protocol would have been an acceptable substitute, but the protocol was interred by Great Britain. An international army would be an acceptable substitute, but England and America will have none of it. The new Herriot plan would be an acceptable substitute, but its acceptance remains in doubt. The Herriot plan would assure immediate aid from all the nations of Europe in case France is attacked or in case Germany violates her international obligations (which means the Versailles Treaty) or invades Poland, whom France is obligated to defend. In the absence

Qualitative Disarmament



From a drawing by Albert Daemen

"How shall we let him die? By cannon, gas, bomb or bayonet?"

of some such definite assurance, France, and also Poland and Czechoslovakia and Yugoslavia and the others whose national existence depends on the *status quo*, must rely upon their own national armaments.

Under the circumstances, it is not surprising to find that French delegates objected to mathematical reduction. It was logical that French experts should regard tanks and submarines as "defensive" weapons; that they should defend the use of heavy mobile artillery; that they should object to the abolition of bombing airplanes, and that they should find innumerable difficulties to the application of "qualitative" disarmament. It was unreasonable to expect France and her Allies to accept the Hoover plan inasmuch as that plan would reduce their relative superiority over Germany and give them nothing in return. They were acting, to the best of their knowledge, in the interests of national policy.

GERMANY'S demand for "equality" falls in the same category. Equality is an essential part of national policy based on revision of the Treaty of Versailles, in the eyes of Germany an iniquitous and humiliating instrument. Inequality in armaments is the one insuperable obstacle to revision. Germany would prefer to achieve equality by inducing France, Poland and Czechoslovakia to come down to her level. Since 1926 she had striven valiantly to this end, but without avail. In the Preparatory Commission she was denied even the right to theoretical equality. In the Disarmament Conference she was prevented from broaching the subject, until she withdrew and threatened the Conference with the spectre of immediate collapse. She has won her point—to the extent that equality of rights is now a major aim of the Conference, and she has returned to Geneva.

The record of the first stage is studded with examples of conflict, presumably based on technical differences but actually rooted in opposing national policies. It is filled with high-sounding proposals put forward to advance particular national interests. Italy's offer to reduce to the lowest level provided only that this level is not exceeded by any other Continental power is a legitimate proposal, but one which nevertheless is destined to end France's hegemony of Europe. Japan's proposal to abolish aircraft carriers is coupled with a claim to higher naval ratio, which is essential to Japanese superiority in Asiatic waters and a cardinal point in Japan's national policy. It is easy for the United States to offer a 33⅓ per cent reduction when that reduction does not reduce American military strength and gives us in actual ships the naval ratio which was won at Washington and London but to which Congress has steadily refused to build.

Here, then, are the conflicts facing the second stage of the Conference. Perhaps, as the faithful defenders of the record maintain, they will be reconciled and a

general treaty for the limitation of armaments will emerge in due time. But if the real obstacles are political and not technical, and if conflicting national policies must be reconciled, much more than time and patience will be required. Ingenious formulae will not be sufficient to bridge the gap between those who demand collective responsibility for the prevention of war and those who propose mathematical reductions.

If national policies have been modified since the opening of the Disarmament Conference in February, 1932, the change has been imperceptible. And just as long as those policies are unchanged, effective disarmament will remain beyond reach, and petitions to Geneva will produce no results. The important decisions must be reached in Washington, London, Paris and Berlin. To the breaking of this deadlock the United States has one major contribution to offer: to assume the international responsibilities which our highest interests and our position in the world demand and to utilize our strength in the building of effective machinery for the preservation of peace.

A Mountain Man

HE wears a beard as wide as prophets wore
When peace and war were good and evil things,
He dips his water from the concrete trough
As if men still were worthy to be kings.

He is a mountain man. The dew descends
Upon his shoulders as upon a tree,
He looks upon his sons as miracles
And worships God in his fecundity.

He likes to rise up with the mating birds,
He loves to show his strength before his wife;
He is a young and morning star, he runs
A courier before the car of life.

ROBERT P. TRISTRAM COFFIN

Drinking Cup

FAR up the mountains of this skull
The paths are worn and beautiful.
Thought frequented the sheer unknown
To carve these lilies in the bone.

Thought blasted through a wall of rock
To reach this precipice. The mock
Of agony for such a goal!
Then, in extremis, was the soul

Balanced across the gulf. Thought streamed
Over the causeway it had dreamed
And Truth, yea, Juggernaut, was met
Along that broken parapet.

MARGARET TOD RITTER

Down With Utility Rates

HENRY J. ROSNER

LONG before the depression it was plain to all students of public utility economics that governmental regulation had failed to protect the consumer from extortionate monopoly rates. An investigation of the New York State Public Service Commission's law by a legislative committee in 1929 resulted in the verdict of three of its most responsible commissioners that "very little initiative had been taken in enforcing rate reductions commensurate with the decreasing costs of supplying public service."

Hard times have served to intensify this failure. Drastic reductions in electricity, gas and telephone rates are imperative today. With payrolls half of what they were three years ago, the common man cannot afford to pay 1929 rates. Nevertheless, the bulk of consumers in New York State, which has one of the most efficient regulatory commissions in the nation, according to President-elect Roosevelt, are paying as much or more than they paid in 1929 for these services. The ironic feature of the situation is that excessive profits make large rate reductions eminently practicable.

The story of the Empire State is worth relating in some detail because with rare exceptions it is typical of conditions throughout the United States. An analysis of dividend payments by the state's 13 most important electricity, gas and telephone corporations in 1931 and 1932 shows that while returns on the book value of their common stock varied from eight per cent to 60 per cent, in no case has the dividend rate been reduced in the past three years. The size of the common stock return is dependent upon the extent to which capital operations have been financed by the sale of low dividend preferred stock and fixed interest bonds. If the bulk of the fixed capital has been provided through the latter method of financing, large profits are left to be distributed on a small volume of stock. A table summarizing the results of the analysis appears elsewhere on this page.

These returns are obviously excessive. First, the increase in the purchasing power of the dividend dollar due to the decline in the cost of living means a rise in real dividends. Measured by the Department of Labor's index of the cost of living for workingmen, the \$94,000,000 of dividends paid by these companies, exclusive of Consolidated Gas (this is done to avoid duplication of dividends to the latter from four of its subsidiaries included in the compilation) was worth \$113,000,000 in 1932. Measured by Moody's index of the cost of living for \$10,000 incomes, it was

worth \$104,000,000 in 1932. This increase in a period when the income of the average man has been so enormously cut is indefensible and should have been counteracted by a decrease in the dividend rate.

An investment, moreover, which is so safe that it can maintain such high returns in the worst depression of our economic history ought not to pay more than a six per cent return. State and federal long-term bonds have been selling at three per cent. Public utility stocks which could pay dividends of eight per cent or more in 1932 are no less secure. Legitimate investors in public service corporations have suffered losses only where racketeering financiers have looted the earnings of operating companies by "watering" the capitalization of controlling holding companies. A maximum return of six per cent—twice the yield on government bonds, which are no safer—is conservative when weighed by standards of contemporary finance.

THE application of this principle would make possible a \$40,000,000 reduction in rates to the consumers of these 12 corporations in 1933. This sum is equal to the total appropriation made for unemployment relief by the New York State government from November 15, 1931, to February 1, 1933. It would provide relief in 1933, on the present basis in New York City, of \$35 a month per family for 500,000 people who are not getting relief because of insufficient funds. Such is the magnitude of the price we pay for public utility gouging.

This computation underestimates the real profits. It accepts the company's balance sheet valuation of its own common stock. It takes no account of the

Corporation	Book Value of Common Stock	Total Common Dividends	Pctge. Rate of Return	Average Rate in Cents Per Kilowatt hr. for 50-KWH.
Buffalo General Electric	\$15,125,800	\$3,228,676	21.3	5.0
Utica Gas & Electric	4,000,000	480,000	12.0	6.5
Syracuse Lighting	5,023,751	1,200,000	24.0	4.8
New York Power and Light	8,937,107	3,644,738	41.0	5.7
Central Hudson Gas & Electric	13,235,224	1,200,000	9.0	6.54
Westchester Lighting	41,800,000	4,517,334	11.0	9.6
New York Edison	265,699,850	31,541,991	12.0	6.1
Brooklyn Edison	125,000,000	10,000,000	8.0	6.1
New York & Queens Electric Light and Power	21,500,000	3,340,000	16.0	6.1
Consolidated Gas	392,095,820	45,901,378	11.7	*
Brooklyn Union Gas	37,054,300	3,704,020	10.0	*
Long Island Lighting	3,000,000	1,800,000	60.0	*
New York Telephone	371,000,000	29,700,000	8.0	*

* Excessive variation in rates in the different communities served by this corporation and its subsidiaries and additional fixed charges make it impossible to list an average rate. See text.

"water" in the capital structure. The report quoted in the opening paragraph charged that all utility corporations of the state had inflated their capitalization to conceal profits and to justify high rates. It cited Consolidated Gas and its subsidiaries as a typical example, maintaining that close to \$200,000,000 of its capital structure represented no actual physical investment. The Legislature was urged to give the Public Service Commission funds to employ enough experts to revalue all public utility properties throughout the state so as to furnish a basis for eliminating fictitious values. Unfortunately, a Legislature subservient to the utility interests ignored this recommendation. It is nevertheless highly significant that even on the company's own values the evidence of profiteering is so overwhelming.

The New York Telephone Company, dissatisfied with its 1929 rate, was allowed to increase its rates in the summer of 1930. In New York City the standard rate for 66 local calls jumped from \$4 to \$4.25. The company still maintains its extra monthly 25-cent charge for the French phones, although the overwhelming evidence indicates the difference in cost between it and the ordinary instrument is negligible. When prices were universally going down, the cost of telephone service went up.

The Consolidated Gas Company, which through its subsidiaries has a monopoly of gas distribution in Manhattan and the Bronx, is still charging the rate fixed in 1927—\$1.15 per thousand cubic feet. The Brooklyn Union Gas Company, which serves most of Brooklyn and Queens, increased the rate for the average consumer in August, 1931. The cost of the first 600 cubic feet was raised from 11½ cents to 16⅔ cents per hundred cubic feet. The reduction from 11½ cents to 9½ cents for additional gas consumption was so small as to effect a net reduction only for those families who normally spend more than \$2.50 a month. The poor had to pay more for approximately the same amount. The new rate schedule did not reduce the company's revenues. The cut for the large consumers was balanced by the increase for the small consumers.

THE Public Service Commission defends its failure to act on the ground that the Federal courts have tied their hands by allowing the companies to inflate the rate base on which the return is computed so that it is always possible to show that they are not earning a reasonable return on the fair value of their properties.

Last June the Wisconsin Public Service Commission ordered a 12½ per cent reduction in telephone rates, arguing that the increase in the purchasing power of the dividend dollar and the demoralized state of general business, resulting in a dearth of safe invest-

ments, made the eight per cent return on the common stock excessive and a six per cent return more equitable. It cited Supreme Court decisions as legal precedents for the application of these principles. The Public Service Commissions of the country ought to follow the Wisconsin example and predicate rate reductions upon the type of book analysis made in this article. If the companies appeal to the courts and are sustained, we might just as well quit trying to make regulation workable. The alternative of independently revaluing billions of dollars of complex utility properties by actual field inspection and then subjecting the findings to endless cross-examination by company lawyers is too painful. The next depression would be here before any results were achieved.

PUBLIC ownership and operation of all utilities is the only answer to such tactics. Its advantages are so patent that every state in the union should move to take over its gas, electricity and telephone facilities. Capital costs would be even lower than they would be under any effective system of regulation. If the state, with the coöperation of the cities, were to take over the companies included in this study by exchanging its bonds for the common and preferred stocks and bonds of the present private owners, the annual capital costs would be at the very maximum four per cent interest and one per cent for amortization on the principal. This would increase the immediate annual saving to the consumer from \$40,000,000 to \$52,000,000.

Moreover, each year would witness a further reduction in rates due to the retirement of one per cent of the bonded debt. This is a policy seldom pursued by private corporations. The practice is to meet maturing bonds by the proceeds of new bond issues. The consumer must pay a return on the entire capitalization until bankruptcy compels a reorganization and scaling down of the capital structure. Without a social revolution the probability of this happening is most remote.

Enormous savings would result from the public policy of retiring indebtedness. The total capitalization of these 12 corporations is \$1,622,810,000. Assuming that the owners received bonds with this face value, a one per cent retirement fund would result in an annual reduction of \$16,228,100. The saving in capital costs would be \$811,405 the first year. This would increase in arithmetical ratio each year. At the end of 50 years the total saving to the consumer would be more than a billion dollars. The annual saving in the 25th year would be more than \$20,000,000, in the 50th year the saving would be more than \$40,000,000. If we include the immediate \$52,000,000 annual saving from reducing capital charges, the total saving to these consumers in 50 years would be \$3,500,000,000. Is it any wonder that the present owners of utility corporations become panicky at the thought of public ownership and operation?



Not in the

Green International in France

A Green International Group has come into existence in France, and has already organized a number of successful meetings. The organizers are whole-hearted war resisters and ardent peace workers. They meet every Monday night at the Palais De La Mutualite, 24 rue Saint Victor. According to their preliminary announcement: "The Green International of France, sponsored by the New History Society but independent in its work, proposes to bring together, and to make known to each other, the movements that are today laboring for the organization of the peace of the world: Spiritual Peace, Political Peace; Social Peace and Economic Peace. The Green International intends to search out all methods that are susceptible of preparing this peace by means of fraternity and non-violence, and to create new organs for the application of these methods. For the construction of peace, the Green International places itself under the imperative sign of soul-force." *Le Petit Bara* a Paris journal, publishes weekly, a section entitled "Bulletin of the Green International." In the first article of this Bulletin, which appeared on November 26, 1932, Vivian DuMas wrote: Adhering, as I do, to the Green International, I must define my extremist attitude. I am a pacifist through and through. This does not consist of a vague desire or of a sentimental aspiration, but of a determination capable of gaining peace, nay rather of creating it, in its mysticism, its doctrine, its methods, its technique, as well as its institutions, social, political, cultural and economic. We must work for peace in a virile way; act with rectitude for peace; suffer for peace; create peace in the depths of our own hearts so that it may radiate on the world. We must be unwavering for peace, even unto martyrdom. We must exalt the mysticism of peace for this will give fire to the cause of pacifism."

Successful Boycott

In South China the anti-Japanese boycott has been completely successful. The Japanese have lost 95 per cent of their trade and there is no hope of reviving it. The South China Iron Blood Group, which is promoting the boycott, declared recently: "The rocks may decay and the seas may dry up, but our determination to rid Canton of traitors' will never be shaken."

Children in Arms

In Paraguay a battalion of school children has been mobilized for war service against Bolivia. The children are used in the Gran Chaco as couriers, for patrolling bridges, and as an aid to airmen.

Chemists and War

A congress of chemists meeting in Kharkov discussed the role of chemistry in present-day warfare. An appeal was addressed to all chemists to refuse their aid in making chemistry the savage exterminator of mankind.

Disfranchising the Poor

In twelve states, Alabama, Arkansas, Florida, Maine, Massachusetts, Mississippi, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, and Virginia, citizens cannot vote unless they meet certain property qualifications.

Is It News?

Capital punishment was inflicted in Ottawa in January, 1923, for the first time since 1869. The victim was guilty of murder in the course of a robbery. The Ottawa newspapers devoted only 200 words to the execution. Between the conviction and the execution the murderer's name was not mentioned once in the newspapers.

Skyline

Near Rich Mountain, Arkansas, "Skyline," a pioneer camp school for unemployed adults, will open its first session on April 3. The school will continue to September 15. Students and teachers will do all the work of building the permanent camp and do all the household and community tasks. Fifteen hours of classroom work will alternate with fifteen hours of manual labor. "Skyline" is under the direction of Dr. W. E. Zeuch.

Alabama's Peterson Case

John W. Altman, one of Alabama's ablest criminal lawyers, has been retained by the National Association for the Advancement of Colored People to defend Willie Peterson, twice sentenced to death on a charge of murdering a white woman, and shot while a prisoner in jail by the woman's brother. Peterson, a church member in good standing, never before in trouble, was suddenly seized on the street when one of the two women who had been shot pointed him out to the police as the Negro who had done the shooting. Peterson steadfastly denied his guilt, and his alibi supported by witnesses brought his first hearing to a mistrial. A second trial resulted in the death sentence.

State Socialism

The government-owned Panama Railroad Company paid a dividend of 10 per cent in the last fiscal year, amounting to \$700,000, which was deposited in the U. S. Treasury, and at the same time added \$187,614 to the company's surplus. The steamship line which the government operates between New York and the Panama Canal showed a deficit of \$297,079. This was largely due to the fact that it carried freight for the various government departments at a reduction of 25 per cent from the regular rates. Had the regular rates prevailed, the company would have shown a profit of \$180,277. Private shipping lines are trying to have this government line discontinued, because "it constitutes government competition with their lines."

Yes and No

At its general synod at Asbury Park the Reformed Church in one day voted "No" on a resolution that conscientious objectors should be granted American citizenship, and then urged that the church back the disarmament conference "with all the passionate zeal that goes with heroic adventure."

Radio Libel

The courts have hitherto held the broadcaster liable for slander and libel over the radio. This has resulted in various forms of censorship by the broadcasters and by frequent cutting off of possibly libelous speakers. The courts have decided on the analogy of the newspaper. Attorneys for the National Council on Freedom from Censorship have prepared a model bill placing the responsibility for libelous utterances over the radio upon the speaker and upon the agencies sponsoring him.

Danish Consumers

According to the fourth volume of statistics of the Danish Consumers' Movement, which has just been published by the Danish Coöperative Wholesale Society (F. D. B.), 1,739 distributive societies were affiliated with the F. D. B. at the end of 1931, which is an increase of 9 societies as compared with 1930. The 1,457 societies which sent in reports had an aggregate membership of 258,977 and a total turnover of Kr. 198,934,440. The average turnover per society was Kr. 136,537, as compared with Kr. 150,269 in 1930. The societies realized a net surplus of Kr. 15,817,041 and the average net surplus per society was Kr. 10,856 as compared with Kr. 12,309 in 1930.

Headlines

Swiss Socialism

At the municipal elections in the industrial town of Bionne, in western Switzerland, the existing Social-Democratic majority was maintained. Guido Müller, Socialist member of the National Council, was re-elected burgomaster unopposed. Of the 60 town councillorships, the Socialists won 34 and the Communists one.

Unemployed College Alumni

The Association of Unemployed College Alumni have appealed to the millionaires who have endowed their respective colleges and universities to provide jobs for them. Among the measures they suggest are the building of new schools, the socialization of medicine, housing projects and public works, pensions for retiring old librarians, and employment insurance for white collar workers.

Church Has Failed

John Drinkwater, British poet and playwright, declared that "the church in 1914 ought to have refused flatly to lend support to the madness that was driving the world to defy every tenet of Christianity, and instead, the church joined enthusiastically in the row—to its lasting disgrace. . . .

Free Speech in Detroit

Three labor groups in one day forced the Detroit Board of Education to accede to their requests for use of school auditoriums, reports the Federated Press. Four months ago Maurice Sugar, Detroit attorney, who was to deliver a lecture under the auspices of the Friends of the Soviet Union, was denied the right to speak at the City College auditorium. An injunction was sought against the board, but authorities gave in before it was secured. At the same meeting the Workers Educational Assn. sought use of a school auditorium for an open forum. After a ruling by Attorney-General Voorhees that advocating the overthrow of the government is a violation of free speech, Inspector Williams stated the ruling was made at the request of the Detroit Chamber of Commerce, and moved to ask a new ruling of Attorney-General O'Brien. His motion was passed. The request of the Detroit Allied Youths Group for the use of the college auditorium was tabled, but a spokesman of the group demanded the floor, ignored the gavel and could not be stopped from speaking. At last the board, worn down by the hammering of successive labor appeals for free speech, wearily sanctioned the meeting.

Socialist Advances in Rumania

The Social-Democratic Party of Rumania has gained significant victories in the recent elections for local officers in a number of important towns. In Reschitza, in the Banat, the Socialist candidates secured 12 out of 18 seats, and thus have a two-thirds majority. In the Hatzfeld district the party obtained 40 per cent of the votes polled and six seats out of 16. The vote was especially important since it was polled in the face of intense official intimidation.

The Brooklyn Edison

In October, 1932, the Brooklyn Edison Company discharged 2,800 employees. In November this same company announced that it would pay its regular dividend of 8 per cent. In 1931 the Brooklyn Edison dividends increased from \$7,200,000 to \$8,800,000, but wages decreased \$1,126,000. In 1932 dividends went up to \$10,000,000, while wages decreased by \$4,575,000 under the 1930 level. The discharge of 2,800 men was made despite the fact that the company has a huge program of work that might be done in removing overhead wires and in changing from direct to alternating current.

Homesteads

A new development among the unemployed is the homestead movement near Dayton, Ohio. The experiment involves moving as many families as possible to homestead communities, where they raise their own agricultural products and build their own homes. Each homestead has about three acres with a woodlot and a pasture for common use. The group produces most of its necessities, including clothes, bread, etc. Tools and machines are modern, thus eliminating drudgery. The basis of the homestead movement is the production of goods for use rather than for sale.

Peace Service

The "Internationaler Zivildienst", that courageous Swiss group which denounces military service but responds to calls for aid in natural calamities, has again been active in 1932. Its inspired leader, Pierre Ceresole, reports work at Safenplatz in Switzerland and at Brynmawr and Rhos in Wales. Among the volunteer workers were representatives from all European countries and from the United States, Mexico, India and Iceland.

Hearst's "Buy American" Campaign Gets Under Way

The following reproduction of a consignment slip, which was mailed to us by an unknown friend, was attached to a large roll of newspaper stock unloaded at the door of the Syracuse *Journal-American*, a Hearst publication:

ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED	
QUEBEC, P.Q., CANADA	
SIZE	51
No.	A 1778
WEIGHT	1167

Keystone Farmers Rebel

ROBERT M. CULLUM

THE Sons of the Wild Jackass out in the corn belt and beyond might go on strike. They might stop a sale here and there and threaten to string up a sheriff or two. But not so the East coast farmers, with their 150 years of tradition, their worship of that holy of holies, sanctity of contract. One would as soon expect to see a Mississippi stern-wheeler on the Delaware. The Western barbarians might do such things. But the Pennsylvania Dutch?—Never!

And then it happened. Philadelphia bankers rubbed their eyes at the monstrosity so close to their vaults. What! In Bucks County, with Grundy's picture on nearly every wall? Where the sign "An Original Grant from William Penn" is a not uncommon mark of prestige? And the answer came back quickly and militantly from hard-pressed farmers driven to organization: "Yes it is true. To us sanctity of contract is less than the sanctity of the home. Neither your courts nor your legislatures are giving us protection. Henceforth we shall protect ourselves."

The details of this startling development in staid old Eastern Pennsylvania—hardly so shocked since the Whiskey Rebellion—are well known. Something of a record was set when household goods, machinery and live stock put up to satisfy an \$1,800 debt against John Hanzel, Bedminster Township farmer, were bid in at \$1.18 by a committee representing the United Farmers' Protective Association of Bucks County, with 300 purposeful members on the spot to back them up. The date was January 3, with Sheriff Horace Gwinner and lawyer Webster Achey playing the part of villain, if none too willingly. Once during the sale Gwinner, on the advice of Achey, was about to call it a day, but cries from the crowd of "Go on with the sale. We'll handle the lawyer," caused Achey to hoist his rather corpulent frame into a less prominent position and tell Sheriff Gwinner to continue. The business done, the Protective Association gave Hanzel a 99-year lease on all his goods and stock for a consideration of one dollar, thereby eliminating the possibility of further attachment unless the sale is declared illegal.

Just now that is the burning question in Bucks County. Will the sale and subsequent lease stand? If it does, what will be the effect on the butcher, the storekeeper, the banker, the farmer? Opinion seems quite authentically divided on the basis of property and credit. Storekeepers are shutting down on charge accounts. The secretary of the Association has already been ordered to resign or have his farm foreclosed on a mortgage held by a local bank.

According to Lewis Bentzley, the young president of the Association, the Hanzel sale and the nearby Montgomery County sale a few days later at which Clarence Renniger's household goods were knocked down for four dollars are only the beginnings of activity. "We intend to protect the farmers' equity during these times of depression. We will not force the issue, but when a farmer is being unjustly sold out, we are going to protect ourselves. The Association has to be careful, of course. We have 21 applications under consideration now. But if we think the debtor is trying fully to defraud the mortgage holder, we won't touch it with a ten-foot pole." Tactics of the Association in case Sheriff Gwinner carries out his threat to have state troopers present at the next sale will have to be formulated at the time, according to Bentzley, who said all members had instructions not to resist, but to maintain their ground in such a case.

Asked what satisfaction he expected from the courts, Bentzley replied, "None, if we don't show them that we mean what we are doing. The day this case comes up, the Court House at Doylestown won't hold the farmers that come to see that they get justice. . . It's up to us to show them we mean business."

MEANWHILE, Sheriff Gwinner has made a motion before Judge Keller in Common Pleas Court to have the sale set aside, charging "Duress, coercion, intimidation and threats of bodily harm to himself, his deputies and to Webster Achey, attorney for the plaintiff." The court, while refusing to give the Protective Association promise of a hearing, made a rule requiring the filing of evidence before February 6 as to why the sale should not be set aside. David Levinson, attorney for the Civil Liberties Union and International Labor Defense in Philadelphia, has been engaged by the farmers to handle their case.

Interest in this case, which will undoubtedly go to higher courts, is not confined to Bucks County, nor the surrounding territory. And the decision, whatever it may mean to the United Farmers' Protective Association, will have an important bearing on the future of that holy of holies—sanctity of contract.

In the meantime, the farmers will not be idle. They are perfecting a township organization to handle local cases. Since their first attempt at direct action in the Hanzel case, they have grown from an organization of 400 to one of over 700 members. One feels the solidity of the movement, and that once these Pennsylvania Dutch are aroused they will carry through to the end. Even Grundy can't hold the farmers!



The Book End

With occasional exceptions important enough to merit drastic criticism, THE WORLD TOMORROW reviews only books which it believes, after careful evaluation, are of genuine worth.

America Hispana

Porfirio Diaz. By Carleton Beals. J. B. Lippincott. 462 pages. \$5.00.

South America, Lights and Shadows. By Kasimir Edschmid, translated from the German by Oakley Williams. Viking Press. 408 pages. \$5.00.

Historical Evolution of Hispanic America. By J. Fred Rippy. F. S. Crofts. 580 pages. \$4.00.

SOUTH of the keys of Florida and of the Rio Grande lies an undiscovered continent, stranger to our American consciousness than Rome or Peiping. We know that there are other Americas, but they are dim shapes, foggy and far off. We try to lump a score of peoples under one head. We call them Latin-Americans, or Hispanic-Americans, or Indo-Latins, but no word is large enough to cover the Haitian and the Chilean, the Nicaraguan and the Brazilian. For Latin America represents such a sweep and variety of cultures, such a diversity of racial strains, such a confusion of economic forces, that it cannot be lumped under any one head.

We have, in the three books to be reviewed, an interesting variety of approaches to this entity which is not an entity, Latin America. Fred Rippy, from his Ivory Tower at Duke, has drawn on the grand scale the picture puzzle of Latin American history. Kasimir Edschmid, writing for his German audience, has split South America down the back and pulled out all manner of edifying and significant exhibits on the life and fashions, idiosyncrasies and promises of the Latin American peoples. Carleton Beals, after fluctuating between living in his Ivory Tower and in the thatched houses of Nicaragua, has written in his *Porfirio Diaz* the epic of the dictator in Latin American politics.

Rippy's book is, as his always are, historical, well-documented. Rippy, as he amply evidenced in his earlier book, *The United States and Mexico*, has decided power to make facts, figures, dates and dynasties march out and do their turns on the drill field: he does not know how to make his facts dance and sing, but that would be asking too much of an historian. As I read Rippy's book, I feel moved by the same sort of enthusiasm which I feel for the architects of Radio City; what orderly minds they must have to make all of the elevator shafts and the electric lines and plumbing connections come out right. Rippy has marshalled his wars and dictators and coffee-figures so well and so neatly; his lines and curves all work out; and no one can read his book without having the confusions of Latin American history straightened out and assume a more intelligible pattern. Read with Kasimir Edschmid's book, Rippy's becomes vivid and powerful.

I understand that the Germans have been reading this man Edschmid for some time, but his name is new to American readers. He is of a new breed of travel book writers. We have become a little fatigued with our own American breed. The

inanities of the miraculous Halliburton and the persistent Harry Franck have created an attitude of mind which automatically seals "travel books" to us. But Edschmid is different. He takes us down the West Coast, across the Andes, and up the East Coast, and I wager that he never loses a passenger. Facts dance, and statistics sing—and there is nothing the matter with his facts and statistics either. His interest is always in the inner workings of the social organism. He is concerned (to quote his own words) "whether black, white or café-au-lait colored races were destined to fashion the face of the earth, and why the diversely colored races confronted one another with an ineradicable hatred . . . concerned as to the reason why human beings fare well in one quarter of the globe and ill in another . . . concerned with questions of the social conditions under which human beings were living, and of the extent to which their good or bad qualities were conditioned by climate, fate, or crossbreeding . . . Concerned with the question whether their progress, or their retrogression, was in fact an advance, or a set-back or only European prejudice."

Prompted by such concerns, Mr. Edschmid takes us to Colombia and Ecuador and Bolivia, Peru and Chile, Argentina and Brazil. He gives us side lights on the Indian and the human cost of Panama hats ("unscrupulous, mean brigandage"); he makes the ruins of the Inca come to life, reminders high in the Cordilleras of "the daintiest of despotisms and the most charming of communisms"; he gives a running commentary on the ways of the Yankee in dealing with the Indian. His quotation from a Chilean friend reveals the attitude everywhere. "But we—we in Chile don't want to become a Yankee country. And we need capital. And capital is only to be had from the Yankees. And capital from the Yankees is more dangerous than an army corps with its heavy artillery in position." He is a vivid photographer. He gives us dictators and caciques, peasants and drummers, mountains and cities—and through them all there is the evidence of concern as to how men live, how men can live better, and how men's actions in one place react upon other men's actions in other places.

The best cure for current lassitude in regard to Latin America would be a series of substantial, roundly thrilling biographies. Mexico alone offers the opportunity for at least five of them. Mad pompous Iturbide, slippery Tammany-model Santa Anna, the magnificent Zapotec Benito Juarez, the dictator Diaz, the Zapata brothers—all could be presented to English readers in a way which would compel attention and arouse interest in the country which they cursed or blessed. Carleton Beals has rendered a genuine service by writing one of the list. Porfirio Diaz, patriot, zealot, fighting for the freedom of his country against the mercenaries of Napoleon; Porfirio Diaz, the astute politician, betraying his earlier promises, playing general against general, friend against friend; Porfirio Diaz, the organizer and stabilizer of his country's finance and business, the promoter of railroads,

the builder of Mexico; and Porfirio Diaz, the betrayer of the rights of the common man, the slave maker who reduced thirteen millions of his countrymen from their proud position as freeholders to peonage on the haciendas of his favorites. This is the story of Diaz which Beals tells so well. It is the epic of the disease which afflicts Latin America—the epic of the dictator who rules for personal profit, for the plunder of the common man, who creates that political order which appears so pleasant today and yields so furious a storm of woes tomorrow. The story of Diaz, with variations and mutations, is that of Machado and Gomez and Leguia and Rosas.

HUBERT C. HERRING

Good Prolet-Talk

The Liberation of American Literature. By V. F. Calverton. Scribner's. \$3.75.

IN New York's literary and artistic circles there is a vast buzzing over the emergence of what is somewhat vaguely called "prolet-cult," one of those telescoped Muscovitish terms used to describe a culture proletarian in its nature as opposed to our conventional petty bourgeois ideology. A mere glance at the fancy language in the sentence above will indicate how polysyllabically obscure much of this talk is. It would, no doubt startle a working proletarian if he realized that he was the subject of so much wide and handsome conversation. Despite the fact that many of our recently converted Left intelligentsia are still petty boudoir conversationalists whose output of printed words is nothing to cheer about, there are those here and there who are honestly endeavoring to do pioneering work for what they believe to be the inevitable coming of a new world in the arts as well as in economics and politics. Among them, V. F. Calverton.

As founder and editor of the extremely provocative *Modern Quarterly* and as the author of a number of sociological criticisms, Mr. Calverton is well equipped for the job which he tackles in this book, that of looking over our literature from Colonial days on (from the time of Cotton Mather's Diary to these exciting days of Mike Gold's *Jews Without Money*) from the strictly Marxian point of view. If you accept Mr. Calverton's hypothesis that "it is only by an appreciation of the class psychologies dominant at the time, as Marx has shown, that we can understand the nature of a culture or the direction and trend of a literature," you agree that the proletariat can remake the modern world and that it is the business of writers to signify their belief in the new "collective man." In cold printer's ink this may look a bit foreboding, but do not for one moment think that the author is the least bit heavy-footed. His book marches with an interesting rhythm against the background of American economics, all too often left out of our literary criticism. There was Parrington, of course, and Charles Beard usually has an eye for the processes of production which mould our culture. But as Mr. Calverton himself says, there is still a vast amount of spade work to be done in this field; and he is a first-rate digger.

When a radical with Calverton's scholarly equipment, to which is added a pleasing style and a gusto for controversy, goes into action against the old-line critics, conventional literary values begin to pop. The Mother Country complex which dominated our colonial literature, the dilution of the revolutionary spirit by the triumphant American bourgeoisie, the effects of the frontier psychology in creating an individualistic philosophy stronger here than in any other country, the shift from sectionalism to national-

ism—all these are interpreted by Mr. Calverton in terms of the class struggle over the distribution of the national income.

At the outset the critic attempts to disarm the aesthetes by saying, "I have intentionally avoided the problem of aesthetic analysis and evaluation." I do not believe, however, that he can thus easily elude the assaults of the outraged upholders of the tradition of laissez faire in letters, as well as in life. Looking upon literature as a purely individualistic enterprise, defenders of the status quo pretend to see in this rise of proletarian culture another attempt on the part of the pernicky Reds to dig up what they like to call, "our fine old American roots." Having disposed of the "muck-rakers" of the pre-War days, it is exasperating to find a new generation of articulate youngsters arriving on the scene with formulae far more deadly to "the respectables" than any mere exposure of personal peccadilloes.

This understandable exasperation is further heightened by the unhappy discovery that the socialist philosophy has been accepted by the most distinguished of our writers, Sherwood Anderson, Theodore Dreiser, Sinclair Lewis, as well as the newcomers. A first-class novel today which has not some expression of radical thought between its covers is a rarity. About the only people who are not reading proletarian literature are the proletarians. They stick pretty closely to the tabloids, *True Story Magazine* and the pulp periodicals. About the only proletarian writer with whose works laboring men and women are acquainted is Upton Sinclair. Mr. Calverton, however, thinks that Upton Sinclair's method of attack is "oversimplified" and that "his most vigorous attacks upon the capitalist system have failed of their purpose." Calverton prefers the methods of Dos Passos, Michael Gold and Charles Yale Harrison. If Upton is the Sinclair of old, there will be a loud howl from California when this book arrives on the Coast. And a justifiable one too, in my opinion. For you cannot jauntily dismiss such books as *The Jungle*, *Jimmie Higgins* and *Boston* as failures. In his sympathy for communism, it seems to me that Calverton overemphasizes the importance of many of the writers affiliated in one way or another with that movement, and there is something faintly absurd in his adulation of *The New Masses*, that outstanding example of how to make radical propaganda repulsive. On the whole, however, *The Liberation of American Literature* is a masterly treatment of an arresting thesis.

MCALISTER COLEMAN

War Debts Examined

War Debts and World Prosperity. By H. G. Moulton and Leo Pasvolksky. The Brookings Institution, Washington. 498 pages. \$3.00.

THE reading of this excellent book should be required of every Congressman, federal official and politically influential person in the country, from the local postmaster up. Whether its conclusions are then accepted by them does not particularly matter. General knowledge of the main groups of uncontested facts which it summarizes would alone be sufficient to ensure a far more intelligent and more effective treatment of the war debt question by our government than any which it has thus far received, and would bring some sort of political and financial order out of the present stupid debt-question chaos.

To the student already familiar with the general range of problems involved, the book naturally does not offer a great deal that is substantially new. Its merit for him lies rather in the convenience of its summaries of hitherto scattered facts and figures,

in its sharpening and clarification of obscure or contested details and in the effectiveness of its presentation. The book begins with a brief but good statement of what is called the economics of international debt payments, demonstrating again the simple proposition, so often ignored or misunderstood, that over time a country can ultimately make payments abroad only in the form of its own goods and services. It then plunges into the history of the Inter-Ally debts and the various debt settlements, both of the United States and of the European creditors; it is the only study, at least in English, in which these facts, together with the agreements and schedules themselves, are all brought together for detailed treatment in one place.

Perhaps the most important matter of substance which emerges here, apart from the overwhelming absolute size of the operations themselves and their partially offsetting character, is the fact that the Inter-Ally loans were made chiefly for the purpose of financing purchases *within* the creditor countries, so that few transfer problems arose at the time; and that the proceeds were devoted almost exclusively to war purposes. In the case of loans by the United States, 93 per cent of the total of the pre- and post-armistice loan proceeds were so used. At most, only the remaining seven per cent can be regarded as having been of strictly economic, non-military benefit to the borrowing nations. In view of the character of much current political discussion, this point deserves especial emphasis. It was primarily the American industrialist and the American farmer, not the foreigner, who profited directly from the loans.

A similar careful historical and statistical study is then made of the reparations negotiations and settlements. The chapters on German reparations give an orderly and clear picture; and that on non-German reparations, of which less is known in this country, is especially useful. The authors then plunge into the events leading to the breakdown of the various intergovernmental payment programs, beginning with the growing internal difficulties of Germany at the close of the Dawes Plan, and running through the Hoover moratorium to the Lausanne Conference and the virtual abolition there of reparations. The French and other defaults, at the end of 1932, occurred after the book had gone to press. If, in this tale of collapse, the authors seem to imply that the outcome was not only the inevitable consequence of all that happened before 1929, but was also a result which any but the most dogmatic optimism should have foreseen, it is only fair to recall that the passage of time usually imparts to past events an order and a logic not always perceptible to contemporaries.

In the last chapter the authors review the high degree of international interdependence in the modern economic world, the patent past unwillingness of the governmental creditors to receive payment from their debtors in goods (an unwillingness manifested not only in tariff policies, but in divers other ways as well), and the manner in which the intergovernmental payments themselves have contributed to the present world economic crisis. They conclude that it would be economically detrimental to the creditor countries to continue collection of the reparation and war debt obligations, economically beneficial to "obliterate" them completely. With this extreme conclusion, stated without qualification as to whether the creditors should attempt to secure concessions in related economic or non-economic fields, other students may not wholly agree. They may also suspect that had more favorable conditions prevailed in fields having little to do with the intergovernment payments, a gradual reversal of the 1924-1929 movements in world finance could have been effected without a collapse; such payments were not the only widening crack in the

1929 bowl of prosperity. But these comments on debatable matters in no way detract from the worth and value of the book as a whole. It is a work which every person charged with political responsibility in this country, or endowed with an influence on public opinion, should study and inwardly digest. Subsequent action can then safely be left to the dictates of common sense. Our present impasse on the debt question is not due primarily to honest convictions or honest differences of opinion on the part of our leaders and representatives, but to the prejudice and distrust which arise out of sheer ignorance.

JAMES W. ANGELL

CORRESPONDENCE

A Feminist Replies

DURING the first moment of leisure that I have had for some time, I am writing to tell you how deeply shocked I am by your editorial, "How Will the Women Vote?" You say: "There is evidence that women rather consistently tend to vote conservatively, and that the history of woman suffrage to date is a story of padded majorities for reactionary candidates, not only in this country but in many others." No evidence is offered by you to bolster up this sweeping statement. What knowledge I have of European conditions does not confirm it. It would not have been surprising if the German women had supported von Hindenburg in view of the classic contribution made by Scheidemann to the feminist movement—"Lassen die dummen Gänse zu Hause bleiben!" said that statesman. But though there were rumors in Germany that von Hindenburg was elected by the women's vote in his first campaign, this assertion was shown to be incorrect by *Die Frau im Staat* after an analysis of the election returns. The French feminist magazine, *Le Droit des Femmes*, in its November issue, took the trouble to refute specifically this persistent rumor. The truth is that we are living in a reactionary age, and some of the countries in which women vote are reactionary as well as France and other nations where women do not vote.

You seem to be annoyed because prominent women came out for Hoover or Roosevelt. I should like very much to know what efforts were made by Socialists to form a committee of prominent women for Norman Thomas or indeed to draw women of the rank and file into active participation in the work of the Socialist Party. I speak with conviction on this subject for I have been for many years active in both the Socialist Party and the feminist movement. It was with alarm that I viewed the contrast between the efforts of Republicans and Democrats after 1920 to draw women into active party life and the inertness of Socialists. The S. P. often appears to be a men's club. This is, however, not wholly the comrades' fault, for working women are subject to the double slavery of their job and their household duties, and it is difficult to find leisure for Socialist culture. So the meetings were and are mainly filled by men, although, as Jane Tait used to say, it might be better for the men to stay at home and look after the babies and let the wives get out occasionally. In spite of these difficulties, we haven't done so badly in Pennsylvania with Lillith Wilson as one of the two Socialist members of the State Legislature.

Finally, let me add that when women do betake themselves to radical movements, they receive little encouragement or help from men. One of the burning examples is the lack of support given to the Total Disarmament Amendment to the Constitution (S. J.

R. 3). It was formulated and has been sustained by the efforts and sacrifices of women during the six years in which it has been before the United States Senate. *THE WORLD TOMORROW*, after much goading by some of us, gave it a brief editorial two and a half years ago and then consigned it to silence, yet it is one of the great radical measures of the age, framed to disarm the United States immediately and totally regardless of what other nations may do. It will ultimately pass and be recognized as equal in importance to the amendment emancipating and enfranchising the colored people and the amendment that gave the vote to women.

THE WORLD TOMORROW is so valuable and influential that we hate to see it still harping on "reduction of armaments." Reduction, however "drastic," may be useful as economy, but it has no moral force. The only real disarmament is total disarmament, and that can never be achieved as long as preparation for the so-called defense of our country is authorized by the Constitution.

Haverford, Pennsylvania.

MARY WINSOR

(1. We do not see cause for protest because any class, so recently freed from subjection, may be said to grow slowly toward advanced political views. We refer Miss Winsor to the numerous studies made by Ogburn, Merriam, Willey, Rice, Goltra and others, which clearly reveal a marked, though slowly lessening, lag in the percentage of women voters behind men in the elementary matter of casting ballots at all. And as Dr. Stuart A. Rice points out in his *Quantitative Methods in Politics*, he and Professor Willey found that "although women's interests in politics as expressed in their votes are not materially different from those of men, they do incline more strongly to the so-called 'moral' and 'civic' side of issues and react more vigorously against the radical." The Oregon and Illinois investigations of various students bear out this generalization. Women leaders have often been prompt in condemning this tendency. 2. We are certain that the Socialist Party could do more than it does to use the talents and energy of women; but we still think it far ahead of the major parties in this respect. Our reference to the women who supported Hoover or Roosevelt was not made alone on the basis of sex, but because of the progressive attitude they had taken in other realms than politics, which stamped their political stand as strangely inconsistent. 3. Throughout its fifteen years of life *THE WORLD TOMORROW* has always stood for total disarmament and against mere "reduction." It cannot concede that the Amendment to abolish war from our law is the only route to total disarmament and war prevention; but while it believes that the legal approach will for a time have to follow, rather than precede, certain other developments, it welcomes as warmly as ever the agitation for a complete legal abolition of war from the law of the United States.—THE EDITORS)

An Ironie Touch in India

A ROCKEFELLER Institute of Hygiene and Public Health has just been founded in Calcutta. It was formally opened the other day by Sir John Anderson. The Rockefeller medical institutes are highly useful; but it is curious to see Sir John Anderson required by his official position to open anything of a humane sort.

Sir John was the leader of the "Black and Tans," who committed such outrages in Ireland some years ago. He has since been appointed Governor of Bengal, and has proved himself a

willing instrument for carrying out the savage policy which the present Tory government of Great Britain has pursued for the past year in India. Peaceful advocates of home rule have been systematically beaten up by the police, and many thousands of them are held in jail, often under harsh and unsanitary conditions. Rabindranath Tagore's secretary writes to Horace Alexander:

Among the prisoners are the finest men from our universities and from public life—men whose moral integrity has not been questioned even by the prosecuting officers. Deaths by illness, suicide, shooting in the cells, have happened in jails and in under-trial camps, and are still happening, while cases of insanity are multiplying rapidly.

Boston, Mass.

ALICE STONE BLACKWELL.

Technocrats, Please Note

IN all the discussions about Technocracy, even including Paul Douglas's article in your issue of January 18, there is lacking a clear recognition of what seems to me to be a basic weakness in the proposals of Mr. Scott and his associates. Mr. Douglas makes passing reference to it, but does not develop the idea.

The point is that the adoption of energy units as the basis of the monetary system implies the evaluation of commodities in terms of cost rather than utility—of conditions of production rather than consumption. But things do not necessarily have a value to consumers (who are, after all, the ones for whom production is carried on) in proportion to the energy consumed in making those things. That was precisely the basic difficulty in the Labor Exchanges organized by Robert Owen. The goods which were produced easily, but which were valued at very little by consumers, were always oversupplied, and goods of the opposite sort were always under-supplied. There is no question of truth or falsity involved here: it is just as true to say that the value of an object is indicated by the number of man-hours or energy units

This Week's Anniversary

ABRAHAM LINCOLN

BORN FEBRUARY 12, 1809

Any people anywhere being inclined and having the power have the right to rise up and shake off the existing government, and form a new one that suits them better. This is a most valuable, a most sacred right—a right which we hope and believe is to liberate the world. Nor is this right confined to cases in which the whole people of an existing government may choose to exercise it. Any portion of such people that can may revolutionize and make their own of so much of the territory as they inhabit. More than this, a majority of any portion of such people may revolutionize, putting down a minority, intermingled with or near about them, who may oppose this movement. Such minority was precisely the case of the Tories of our own revolution. It is a quality of revolutions not to go by old lines or old laws; but to break up both, and make new ones.—From a speech delivered in the U. S. House of Representatives, January 12, 1848.

that went into the making of it as to say that its value depends on what people are willing to pay for it. It is merely a matter of the usefulness of the two concepts. Generally, I believe, more usefulness is to be found in the utility basis for expressing the idea of value.

Incidentally, it might be pointed out that what the Technocrats apparently mean about out-dating Marxism is that Marx's labor-power unit of value should be replaced by an inanimate-energy unit. That means, if anything, merely a translating into modern terminology of an old-fashioned theory of value which economists of the last half-century have considered to be of little use.

This is not to say that costs should not be known. Many business men are branded incompetent by their ignorance of the costs of the products they make; and one of the most damning indictments of the whole system of modern industry is its almost complete disregard of human costs, as contrasted with money costs or the expenditures required of the businessman immediately concerned. But the fact is, in spite of this, that the only logical test of whether or not a commodity should be produced is the importance that consumers attach to it relative to that cost, and not the high or low cost considered by itself. By all means, let us transfer the job of producing goods from the financiers to the engineers; but let us not forget that the consumers and not the engineers are the ones to determine what goods should be produced.

Saratoga Springs, N. Y.

COLEMAN B. CHENEY

ANNOUNCEMENTS

Church Peace Conference

BROOKLYN churches are to hold a Peace Conference on Friday, February 17, through the agency of the Commission on International Justice and Goodwill of the Brooklyn Church and Mission Federation. With a view to facing the problem more realistically than church people are wont to do, the theme will be "The Price of Peace." In the afternoon, Miss Dorothy Detzer, national secretary of the Women's International League for Peace and Freedom, will consider "The Price in Prejudice," and Kirby Page will speak on "The Price in Profits." Following a fellowship supper, there will be a service of dedication to the cause of peace and a sermon by Rev. Allan K. Chalmers, pastor of the Broadway Tabernacle, New York City, on "The Price in Personal Pacifism." Applications for registration may be made to Mrs. F. A. Westbrook, 157 Montague Street, Brooklyn, N. Y.

Who's Who in This Issue

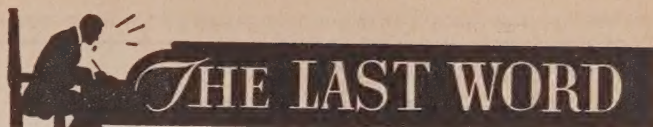
William T. Stone is Washington representative of the Foreign Policy Association.

Henry J. Rosner is research secretary of the City Affairs Committee of New York.

Robert M. Cullum is engaged in labor research work in Western Pennsylvania.

Hubert C. Herring is executive director of the Committee on Cultural Relations with Latin America.

James W. Angell is professor of economics at Columbia University.



IN the course of a long and credulous experience with the world of nature, I have seen some curious phenomena. The habits of crayfish, mud-puppies, walking-sticks, parasitic cowbirds, snowy owls, sooty terns, blue boobies and crazy coots are all an open book to me. I am fully conversant with the lordly female praying mantis—the pious hypocrite!—who devours her mate when he lavishes upon her too much affection. I've dived with burying beetles; flown with flying fishes; camped with tent caterpillars; sung duets with hummingbirds; swaggered about with kingfishes and queen ants; and worked shoulder to shoulder with carpenter bees and leaf miners. I've been improved by preacher-birds and jack-in-the-pulpits, and have roistered with fungi and wild thyme. But the queerest specimen ever hatched by a sportive mood of Mother Nature is the two-legged creature who breaks out with vocal happiness at the depression.

THIS species, fortunately afflicted with many natural enemies, nevertheless seems to be enlarging its habitat. Spraying with the usual pest eradicators has no effect on its tough hide. Vesicants are of no utility, because they cannot choke it: it does not take in air, but on the contrary air is always coming out of its mouth. I am assured by specialists that the importation of tropical sap-suckers or byzantine piffle-hounds would do no good, for the species is bloodless. Even the squirrels have accomplished nothing, though they have been observed following these nauseous organisms suspiciously, inspired by mental images of their favorite food.

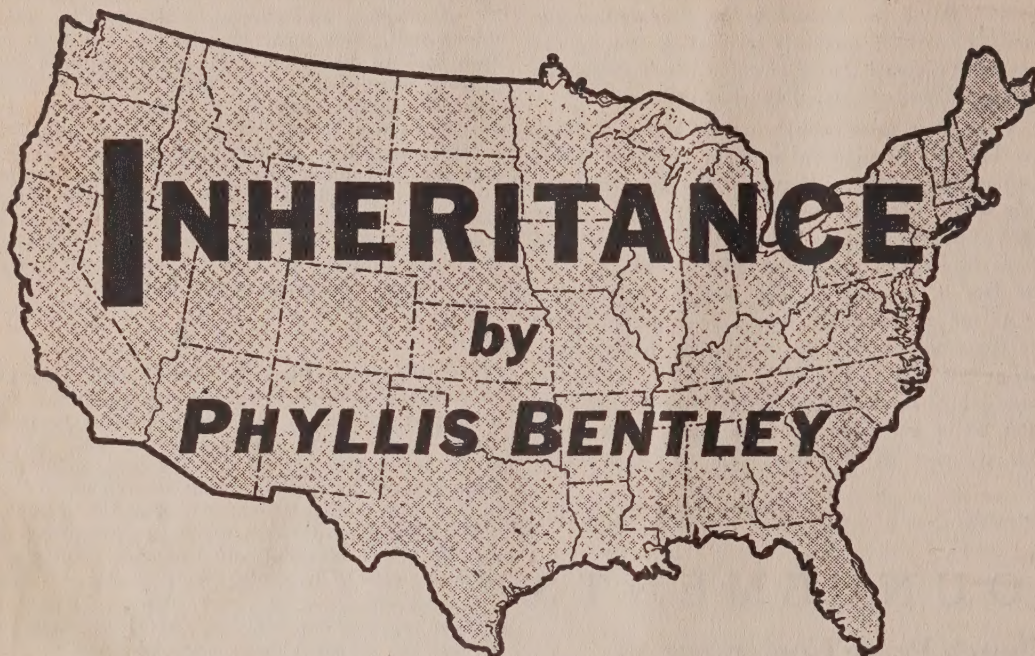
Several subspecies, alas, are known to exist. One of these is given to sneaking into pulpits on Sunday mornings, where ministers of God are supposed to be, and crying out to a bewildered congregation that the adversities through which the masses of our people are going will lead to a great development of character. Another subspecies infests luncheon clubs, where, after feeding greedily at the speakers' table, it buzzes solemn admonitions to Keep Smiling—our superior system has never fallen yet, and all our troubles can be vanquished by cheery faith. There is another numerous subspecies which flocks to dancehalls: here, in the glare of lights, thousands of them scrape their feet over the floor in a weird rhythmic movement while one of their number, clad in black with a white V on its chest, a white band around its neck, and white cylinders at the ends of its forelegs, raises its throat and bumbles, weakly: "Let's buy Amurrican, that's all you have to do."

BUT the main specimen itself is easily the most amazing. At times it acts almost like a human being. It will weep over the men, women, boys and girls wandering from place to place, sleeping in jails and hobo jungles; as often as not, however, it will forthwith use its man-like fingers to type out articles giving thanks that the suffering of the people has drawn them all together and kept them more contentedly at home. It will shed bitter tears over wage cuts and sweat shops; and then produce tender stories about the way in which the hard times are teaching us all how to be kind. It will wring its hands over the millions of hungry people, then describe glowingly how simple living has cured its stomach trouble.

It has three customary calls. First there is the morning cry: *I-like-the-depression*, repeated until it falls asleep. Then there is its even-song: *This-depression-is-doing-us-lots-of-good*, repeated until every other living thing has fallen asleep from sheer exhaustion. And, finally, there are the notes it is said to emit when suddenly kicked hard from the rear: *Ooh! Wow! Ouch!* Truth to tell, I haven't heard these yet, but I live in hope, I live in hope.

Eccentricus

Acclaimed from Coast to Coast



ALABAMA — Birmingham News —
"Obligatory Reading."

CALIFORNIA — Los Angeles Times —
"Vigorous; rich in detail."

CONNECTICUT — Hartford Courant
— "A fine vital book."

FLORIDA — Jacksonville Times-
Union — "Swift in action."

ILLINOIS — Chicago Herald — "Char-
acters are living realities."

KANSAS — Topeka State Journal —
"Gladly recommend it."

MARYLAND — Baltimore Sun — "Few
novels equal it."

MASSACHUSETTS — Boston Globe —
"Powerful, packed with real life."

MISSOURI — St. Louis Globe-Demo-
crat — "Magnificent."

NEW YORK — Buffalo News — "Ab-
sorbingly interesting."
New York Evening Post — "A full
absorbing novel."

OHIO — Cleveland News — "A great
novel."

OKLAHOMA — Oklahoma City News
— "A truly BIG book."

PENNSYLVANIA — Philadelphia
Record — "A powerful story."
Pittsburgh Press — "A rare treat."

TEXAS — San Antonio News —
"Worthy of wide attention."

WASHINGTON — Seattle Post-Intelli-
gencer — "A major treat of the
year."

WISCONSIN — Madison State Journal
— "Crowded with drama."

Use this coupon

THE WORLD TOMORROW BOOK SHOP

52 Vanderbilt Avenue, N. Y.

Send me a copy of **INHERITANCE** and enter my subscrip-
tion for **THE WORLD TOMORROW**, both for \$3.00 (plus 15c
postage; 65c extra to Canada
and foreign). Send me the book,
and the magazine to the name
and address attached.

Name

Street

City

State

INHERITANCE

is a moving, dramatic story—a work of great power and of inescapable charm. It spans the life of six generations, into the last of which is drawn the composite life of a wide countryside. Its dynamic characters, etched against a background of social and economic unrest, participate unconsciously in movements involving the very structure of the modern world.

FREE WITH A NEW SUBSCRIPTION TO THE WORLD TOMORROW

By sending in a **NEW** subscription for **THE WORLD TOMORROW**, either for yourself or for another person, you can have both the book and the magazine for \$3.00, the price of magazine alone.